

Stage

6

Review and learn

Review performance of the investment, assess whether it is achieving expected benefits and capture lessons learned.

Key better practice messages

- Focus on benefits realisation
- Baseline the current state
- Build in benefits capture

Overview

An ICT investment can only be considered successful if it delivers its intended benefits at an acceptable cost.

Investors need to focus on business benefits and actively monitor and report progress towards realising those benefits.

Investors should make sure that:

- benefit reviews are conducted for investment 'outcomes' as well as 'outputs'
- there is a 'baseline' of the current state of business so that improvements can be assessed
- ownership, accountability and responsibility are clear enough to facilitate benefits capture and monitoring
- benefits monitoring is used to support decision-making.



Focus on benefits realisation

Issues we have observed

Agencies don't always give the same focus to the realisation of expected benefits as they do for 'hard' project measures, such as 'on time', 'on budget', and 'in production'.

The delivery of intangible benefits (such as productivity gains, morale improvement, or increased customer satisfaction) are rarely analysed or measured with a clear linkage to the ICT investment.

Sound ICT investment management requires a focus on organisational benefits and active management to ensure that benefits are realised.

Illustration

Benefits management can be challenging in the public sector, because some of the most important benefits sought can be difficult to quantify, and in particular might not be tied to an increase in revenue or a decrease in cost.

For example, an ICT system that provides improved policy advice, or one that offers the public increased opportunities to participate in government, could bring about substantial public benefit that would be difficult to measure in dollar terms.

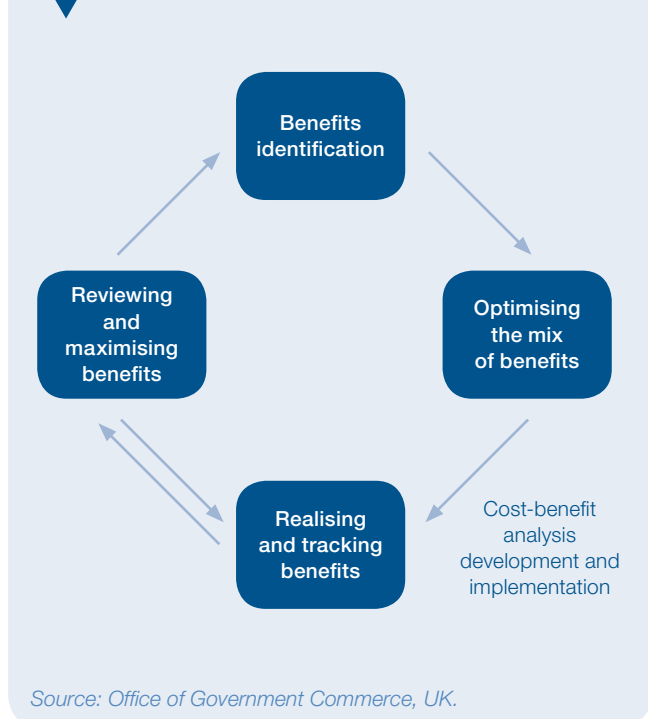
Practical steps to take

Use a defined benefits management process

A benefits management process shows that the organisational change or policy outcomes being pursued in an ICT investment have been clearly defined, are measurable, and ultimately ensures that the change or policy outcomes are actually achieved.

Figure 7 outlines a potential benefits management approach that could be adopted for ICT investments.

FIGURE 7: A CONCEPT FOR A BENEFITS MANAGEMENT SYSTEM



Source: Office of Government Commerce, UK.

Develop a benefits management plan

Use DTF's benefits management tools, and conduct a 'benefits definition workshop'.

FIGURE 8: EXAMPLE OF A BENEFITS MANAGEMENT PLAN

PUBLIC TRANSPORT INITIATIVE (FICTIONAL)
<ORGANISATION NAME>
BENEFIT MANAGEMENT PLAN

IMPROVE LIVEABILITY IN THE CITY 60%

KPI 1

Reliability of services

Measure

Increase in the percentage of public transport services that arrive on time

Baseline value

95%

Target value for measure/s

99%

Date targets will be met

2020

KPI 2

Frequency of services

Measure

Increase in the frequency of services that are provided

Baseline value

Services every 10 minutes

Target value for measure/s

Services every 5 minutes

Date targets will be met

2020

Responsibilities

Who is responsible for meeting KPI?

[Name]

[Position]

Private public transport operator

Who is responsible for reporting?

[Name]

Director of Transport

Department of Transport

Who is responsible for meeting KPI?

[Name]

[Position]

Private public transport operator

Who is responsible for reporting?

[Name]

Director of Transport

Department of Transport

Reporting schedule

Frequency of reporting

Monthly

Source of measurement data

Public transport operators

Starting date for reporting

2009

Date reporting will end

Ongoing

Frequency of reporting

Monthly

Source of measurement data

Public transport operators

Starting date for reporting

2009

Date reporting will end

Ongoing

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Source: Department of Treasury and Finance



Baseline the current state

Issues we have observed

Benefits are not usually 'baselined'. To measure improvements resulting from benefits realisation, a 'baseline' needs to be established. This could involve analysis of existing service delivery targets, such as timeliness, quality, and cost per transaction.

Without this data, there will be no way of assessing whether any later measurements indicate an improvement or not.

Illustration

A benefits realisation plan was developed during the implementation planning stage of the project to identify potential benefits to be derived from the implementation.

The approach included interviews, a literature review, surveys, time motion studies and statistical analysis.

Benefits were classified as either 'bankable' or 'non-bankable' productivity efficiencies.

Baseline measures were completed at local level for release 1 and estimated benefits modelling for release 2 was undertaken based on information provided from the research data.

Anticipated efficiencies were derived to produce measurable and objective key performance indicators for the project.

Practical steps to take

Establish a baseline

Establish a clear baseline of each individual existing business process to which ICT-enabled change is to be applied. Without such a baseline, it is difficult to monitor the progress of your investment.

When done well, baselining can be used to build a meaningful cost/benefit model of the investment and to demonstrate tangible outcomes from the investment.

Build in benefits capture

Issues we have observed

A focus on benefits management enables those delivering and governing ICT programs to focus on business outcomes, not just the implementation of technology solutions.

Benefit reviews and post-implementation reviews also help to identify and capture lessons learned. These lessons are valuable corporate knowledge that can be used as references to support future investments.

Measuring and reporting benefits are also important accountability mechanisms, allowing investors to demonstrate that the investment was a good use of public money.

Agencies often assert that the investment has provided benefits for their business. However, frequently these investments have not been subjected to any review, measurement or reporting of the benefits actually achieved.

In multi-agency projects, monitoring benefits is usually divided among the partners and; therefore, the results are fragmented—resulting in no measurement of the complete investment and diluted accountability.

Benefits management should be built into the ‘fabric’ of every ICT project, along with rigorous measurement. This ensures that there is a long-term view of benefits monitoring, as some benefits may take months, if not years, to materialise.

Illustration

The agency established a benefits-capture framework early in the system’s development, but it lacked a comprehensive range of performance indicators to adequately measure the benefits arising from the system’s implementation.

Benefits of the implementation were not measured, tracked or reported.

The lack of systematic measurement and reporting of benefits represents a lack of accountability to ministers, stakeholders and the community, given the importance of the system and the extent of public funds invested.

Practical steps to take

Use benefits measurement tools

The benefit reports guideline is a suitable tool to be used at this stage of the project. It provides a good starting point to allow the tracking of benefits generated by the investment. It is also a tool that leverages the information used in the benefit management plan, which is created at the beginning of the investment life cycle.

The document can be found at
<http://www.dtf.vic.gov.au/investmentmanagement>

Actively measure ‘accidental benefits’ and ‘dis-benefits’ as well as expected benefits

Be aware of unforeseen benefits. Benefits that were unforeseen at the time of the investment decision are often delivered, but may not be ultimately recognised. Inevitably, benefits tracking and reporting will uncover additional benefits from an investment.

Note that ‘dis-benefits’ may also need to be monitored and managed. ‘Dis-benefits’ are outcomes that increase the cost or time required to produce a given outcome. Often this is due to an increase in the amount of information being gathered, or to additional checks being made on the validity of information when it is entered.

If project planning and implementation have been done properly, the long-term outcome is positive—the overall benefits are worth the overall costs. However, individual organisations, or parts of organisations, might not be better off because there are ‘dis-benefits’ at intermediate stages of producing the overall outcome. This result needs to be identified as early as possible and dealt with honestly.

No-one likes to be told that their job is going to get more difficult or less satisfying, or that their unit is going to be under additional stress; however, if that is the case, then it is far better to acknowledge the situation than to have it come as a surprise.



Further references

DTF guidance

Gateway information can be obtained from <http://www.gatewayreview.dtf.vic.gov.au/>.

- Gate 6, Benefits Evaluation, Gateway Initiative, Gateway Review Process.

Investment Management information can be obtained from <http://www.dtf.vic.gov.au/investmentmanagement>.

- Investment Management—Benefit Reports 2.9 June 2008.

Life Cycle Guidance information can be obtained from <http://www.lifecycleguidance.dtf.vic.gov.au>.

- Investment Life Cycle Guidelines—Post-implementation Review, July 2008.